

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 951 – HB 1132

March 20, 2017

SUMMARY OF ORIGINAL BILL: Requires any water and wastewater treatment authority to be reviewed by the Joint Evaluation Committee (JEC) if such authority has one or more loans from the revolving loan funds, with an aggregated principle balance for all funds totaling more than \$15,500,000 on or after the effective date of the Act.

Requires JEC to report its conclusions and recommended actions to the General Assembly by January 31, 2018, and each January 31 every four years thereafter, until such authority's aggregated principal loan balance is below \$15,500,000. Requires the authority, government entities, and any department or agency of state government to provide the JEC with any information or assistance in carrying out its responsibilities.

Requires the Comptroller of the Treasury (COT) to conduct program review audits upon the request of the JEC. Requires the county mayor of the authority impacted by the \$15,500,000 threshold that were in existence as of January 31, 2017, to submit a status report on measures currently underway to resolve the financial, technical, managerial, and organizational challenges faced by such authority to the JEC no later than July 1, 2017.

Eliminates the sunset provision for the Hamilton County Water and Wastewater Treatment Authority (HCWWTA), under the Water and Wastewater Treatment Authority Act that was to be effective July 1, 2021.

FISCAL IMPACT OF ORIGINAL BILL:

Local Expenditures – Cost Avoidance – Exceeds \$10,000/FY21-22

SUMMARY OF AMENDMENT (005322): Deletes all language after the enacting clause. Establishes that the Hamilton County Water and Wastewater Treatment Authority (HCWWTA) will sunset by July 1, 2021, as under current law, or by the date that a successor entity or entities have satisfied all financial and legal obligations of HCWWTA, whichever date is later. Revises reporting requirements for HCWWTA.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

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Assumptions for the bill as amended:

- HCWWTA regulates the quality of water discharged into the wastewater collection system and treatment works, regulates the quality of construction of extensions to the sewer, and encourages the expansion of sewers of the wastewater collection system for eight local governments.
- According to the Department of Environment and Conservation (TDEC), the HCWWTA currently has two outstanding loans totaling \$10,000,000 from the safe water revolving fund, and it is estimated that \$6,000,000 will not be paid off until after 2021. However, it is assumed that all obligations will be settled prior to the dissolution of the Authority or such obligations will be allocated among the participating local governments. Any impact on the State Revolving Fund loan program is estimated to be not significant.
- This legislation is not estimated to have a significant effect on the total amount of local expenditures that will be incurred under current law as a result of the HCWWTA's sunset during the transitional period, regardless of when such sunset becomes effective.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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